
Introduced by Senator Soto

February 18, 2003

An act to amend Section 770.3 of the Insurance Code, relating to life and disability insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 273, as introduced, Soto. Life and disability insurance: annuities: state departments.

Existing law, with certain exceptions, places specified restrictions on the ability of a state department or agency to negotiate life or disability insurance or an annuity, or to require the placing of that insurance or annuity, through particular agents, brokers, or companies.

This bill would exempt the University of California from those restrictions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 770.3 of the Insurance Code is amended
2 to read:
3 770.3. No state department or agency shall negotiate any life
4 or disability insurance or require the placing of that insurance
5 through particular agents, brokers, or companies, except to the
6 extent that the state has a direct financial interest in the subject of
7 the insurance. The state has no financial interest in an annuity
8 purchased for an employee ~~where~~ if the premium therefor is paid
9 from a deduction from or reduction in the employee's salary, and
10 any annuity paid for through a deduction or reduction shall not be



1 deemed to have been provided by the state for its employees for
2 purposes of this section, and the state shall not negotiate or require
3 the placing of the annuity through particular agents, brokers, or
4 companies. Nothing ~~herein~~ contained *in this section* shall affect the
5 program of life and disability insurance in connection with
6 veterans' farm and home purchases through the Department of
7 Veterans Affairs except that the total life insurance benefit under
8 that program shall in no event exceed one hundred twenty percent
9 (120%) of the unpaid contract balance. Except in those cases
10 where the premium for an annuity is paid entirely from a deduction
11 from or reduction in an employee's salary, nothing contained
12 ~~herein~~ *in this section* shall affect life or disability insurance
13 programs which may be provided by the state for its employees.

14 Notwithstanding anything in this section to the contrary, in any
15 case in which a tax-sheltered annuity under an annuity plan which
16 meets the requirements of Section 403(b) of the Internal Revenue
17 Code of 1954 is to be placed or purchased for an employee, the
18 employee shall have the right to designate the licensed agent,
19 broker, or company through whom the employee's employer shall
20 arrange for the placement or purchase of the tax-sheltered annuity.
21 In any case in which the employee has designated an agent, broker,
22 or company, the employer shall comply with that designation,
23 except in the case of designations subject to the provisions of
24 Sections 1153 and 12420.2 of the Government Code.

25 As used in this section, "state department or agency" shall
26 include, but not be limited to, school districts ~~and the University~~
27 ~~of California.~~

28 This section shall apply to all local governmental agencies, as
29 well as state departments and agencies.

